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CITY OF DANBURY
155 DEER HILL AVENUE
DANBURY, CONNECTICUT 06810-7769

DAVID ST. HILAIRE
DIRECTOR OF FINANCE

(203) 797-4652
FAX: (203) 796-1526

MEMORANDUM

TO: Mayor Mark D. Boughton via the City Council

FROM: David W. St. Hilaire, Director of Finance *DW*

DATE: January 25, 2016

SUBJECT: Authorization for Lease Financing

As you are aware, the City of Danbury may issue debt or enter into lease purchase financing agreements when making large capital purchases or completing capital projects. Lease/purchase agreements are usually more cost effective when the useful life of the project (or capital equipment) is less than 10 years and when special rates may be offered on certain types of equipment or projects relating to public safety, energy efficiency, or for education.

Consequently, I am respectfully requesting authorization from City Council to pursue the most cost effective lease financing terms to purchase the following:

1. **Two Pumper Trucks for Danbury Fire Department** - The purchase price of two Pierce Velocity Pumpers is expected to be approximately \$1.16 million. Funding has been included in the 2015/2016 Capital Budget and will be included in the proposed 2016/2017 Capital Budget. The proposed lease may extend up to 10 budget years depending on the lease terms and conditions.
2. **Refurbish Ladder Truck for Danbury Fire Department** - The estimated cost to refurbish the Fire Department Ladder Truck is \$350,000. Funding has been included in the 2015/2016 Capital Budget and will be included in the proposed 2016/2017 Capital Budget. The proposed lease may extend up to 10 budget years depending on the lease terms and conditions.

Please note that the recommended lease financing vendor selected from the RFP will be subject to approval by the Board of Awards. Please feel free to contact me should you require any additional information.

Cc: Chief Wiedl
D. Garrick
DST/sk



RESOLUTION

CITY OF DANBURY, STATE OF CONNECTICUT

_____ A.D. 2016

RESOLVED BY THE CITY COUNCIL OF THE CITY OF DANBURY

WHEREAS, the Department of Finance is seeking to enter into long term capital lease/purchase financing to acquire {1} two (2) pumper trucks for the Danbury Fire Department and {2} to refurbish a ladder truck for the Danbury Fire Department; and

WHEREAS, said lease/purchase program is expected to involve a financed principal expenditure estimated at One Million Five Hundred Ten Thousand (\$1,510,000.00) dollars and is anticipated to be necessary for the institution and adoption thereof; and

WHEREAS, funding for said lease/purchases will be sourced from one or more anticipated lease/purchase arrangements with qualified financing vendor(s) at low market rates; such vendor(s) being selected pursuant to a Request for Proposal from qualified financing institutions/lenders through the City Board of Awards process; and

WHEREAS, these capital projects are necessary and important for the functions of School and City government business; and

WHEREAS, it is necessary and preferable that formal bidding requirements be waived for the acquisition and refurbishment of apparatus, due to the specialized nature of the vehicle; and

WHEREAS, any vendor or vendors selected to assist in the project shall be procured through Code and Charter specified qualification and RFP procedures.

NOW, THEREFORE, BE IT RESOLVED THAT the Department of Finance, be and hereby is authorized to secure the services of one or more qualified and vetted financing institutions or lenders and waive bidding for these apparatus but following such other project procurement requirements for the other acquisitions as may be prudent and consistent with City ordinances and Charter and to ensure funding as necessary through the engagement of said financing institution(s) by contract for lease/purchase of the two (2) pumper Trucks and to refurbish a ladder track for the Danbury Fire Department.

AND BE IT FURTHER RESOLVED THAT such costs of the project within sixty (60) days prior hereof may be reimbursed from such lease/purchase financing as may be secured by the Department of Finance.

PROPOSAL FOR FURNISHING FIRE APPARATUS

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December 9, 2015

Danbury Fire Department
19 New Street
Danbury, CT. 06810

The undersigned is prepared to manufacture for you, upon an order being placed by you, for final acceptance by Pierce Manufacturing, Inc., at its home office in Appleton, Wisconsin, the apparatus and equipment herein named and for the following prices:

Two (2) Pierce Velocity Pumpers as per Proposal and attached componet list \$ 580,000.00

Optional 100% and 75% Contract Payment discount structures are on the following
page.

Total \$ 1,160,000.00

Said apparatus and equipment are to be built and shipped in accordance with the specifications hereto attached, delays due to strikes, war, or intentional conflict, failures to obtain chassis, materials, or other causes beyond our control not preventing, within about 2 months after receipt of this order and the acceptance thereof at our office at Appleton, Wisconsin, and to be delivered to you at Danbury Fire Department.

The specifications herein contained shall form a part of the final contract, and are subject to changes desired by the purchaser, provided such alterations are interlined prior to the acceptance by the company of the order to purchase, and provided such alterations do not materially affect the cost of the construction of the apparatus.

The proposal for fire apparatus conforms with all Federal Department of Transportation (DOT) rules and regulations in effect at the time of bid, and with all National Fire Protection Association (NFPA) Guidelines for Automotive Fire Apparatus as published at the time of bid, except as modified by customer specifications. Any increased costs incurred by first party because of future changes in or additions to said DOT or NFPA standards will be passed along to the customers as an addition to the price set forth above.

Unless accepted within 90 days from date, the right is reserved to withdraw this proposition.

Pierce Manufacturing, Inc.

By: Michael Hanratty
AUTHORIZED SALES REPRESENTATIVE
Michael Hanratty



OUTPUT AREA:

Pierce Manufacturing Inc.
Prepayment Discount Calculation

TO: email
Mike H
Firematic
FROM: Laura (Kober) Luebke
DATE: 12/9/2015
CUSTOMER: Danbury FD

QUOTATION: 75% Prepay

Contract	\$ 1,160,000.00
Interest Discount	(21,986.02)
Chassis Discount	(21,184.00)
Aerial Discount	-
Other	-
	<u>\$ 1,116,829.98</u>
Due w/in 15 days of contract	<u>\$ (870,000.00)</u>
Due at Delivery	<u>\$ 246,829.98</u>

Based on 5.0% Rate.

Danbury Fire Department

Danbury, CT

Proposal for Refurbishment and Repaint of Truck 2:

One (1) – 2000 Pierce 100' Aerial Midmount Ladder

4/16/2015 Prepared by:



PIERCE MANUFACTURING, INC.

MIDWEST REGIONAL SERVICE CENTER

816 COMMERCIAL AVENUE * WEYAUWEGA, WI 54983 * (920) 867-2142

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Danbury, CT

Truck 2

04/16/15

DESCRIPTION	LIST
Refurbish Ladder Truck 2 per proposal (includes contingency)	350,000.00